

Mayor Dwight C. Jones
Release of Executive Summary
Proposed Shockoe Center Development
5/18/09

I am here today to share with you the preliminary results of the analysis that we called for regarding the Highwoods Properties proposed Shockoe Center Development. I want to thank Davenport & Company, Economics Research Associates, and Chmura Economics & Analytics for the work that has been done thus far. A summary will be available today, with the full report to follow in a few weeks.

As we all know, there are many opinions regarding the question of a baseball stadium in the City of Richmond. Based on the public opinions that I've heard, there is clearly no consensus on which direction to go in. But what I do know is that everyone wants Richmond to be a leader, to grow by design and not by default, and to seize opportunities – just the right opportunities.

I called for this review and analysis precisely because I want to ensure that at the end of the day we do what is in the best interest of the City.

Since first asking for this analysis in March, a key element has changed. We learned last week that the Eastern League team under consideration for relocation to Richmond would be allowed to relocate even without a long-term plan for a stadium. The Eastern League president has committed that there will be an Eastern League team on the ground, in the Diamond next spring. Though the City is not involved with the purchase of a team, we are enthusiastic that the Eastern League is excited about the addition of Richmond to the 12-team league. This is good news and it gives us room to continue along the course that we've started of exercising careful review and analysis in our decision making.

It is clear that Shockoe Bottom presents a tremendous opportunity for development for the City of Richmond. The mixed use entertainment destination as proposed by Highwoods may provide just the unique development opportunity that this area will require, since it lies in a flood plain and has certain restrictions on its use.

I took time to have the Highwoods project reviewed because I believed that the assumptions put forth needed to be carefully analyzed. I also wanted the proposal looked at in its entirety. As a result of the study, my vision has been enhanced.

The conclusions that have been drawn are things that we need to be absolutely clear on. The Report, in part, has found that:

- This appears to be an attractive economic development opportunity for Richmond, but it is highly unlikely that the project can be financed without credit support from the City.

- With City credit support, costs of financing decreases from an estimated 10.30% or higher to about 4.05%, reducing the total financing required from over \$80 million to about \$60 million.
- The Developer's approach of simultaneously building the entire Phase I of the project minimizes the City's exposure to financial risk.
- Assuming the City does provide credit support, it is estimated that the project need only generate 67% of the most conservative revenue estimated by the Davenport team to cover the costs of the bonds.
- The revenues needed to be generated by the project equate to a modest 2.1% increase in sales in the City.
- Even in the most conservative estimate, the project is expected to generate over 1,100 jobs with payroll exceeding \$44 million, as well as \$113 million in annual spending.

While I am not ready to give the "go ahead" to the Highwoods' proposal, I can say that this is a potentially transformative project. I'd like to see several things taken into consideration. They include:

- Any plan to move forward should include a way to successfully incorporate a GRTC Transfer Center along with the Shockoe Center. The project was initially proposed as a "*transit-oriented, mixed-use town center*", and I don't think we should lose site of that. I have asked GRTC and Highwoods Properties to begin working together to coordinate their projects. I would like to see if plans can be successfully modified to accomplish this goal.
- As those plans are developed, we need to protect our future and ensure that we can still position ourselves for imminent high-speed rail opportunities. The proper work toward compatible projects should help us score high when being ranked for multi-modal capability – something we must be ready for when high speed rail decisions are made.
- We also need to be sensitive to the cultural heritage of the Shockoe area, and I would like to see clear plans for how we preserve the areas unique history and incorporate African American cultural heritage.

Now, smart people will begin to work together to make sure that all of these competing interests are met. Clearly a lot of stars have to line up for us to move forward. If things come together to move this project forward, we could in the future be looking at high speed rail at Main Street Station, with a GRTC transfer station; African American culture and history; baseball; and a Shockoe center with retail, office, hotel and residential all in one place. Such a project has the potential to put Richmond on the map in a way that has not been done before.

We will continue to carefully review this matter. I have already stated some of the things that I want to see worked on to further strengthen this concept and make this an even more attractive opportunity for Richmond. But let's be clear, I am not the only decision maker here. And I am sure there will still be competing ideas for how we bring the Shockoe area to its full capacity. At the end of the day, I believe that we will all work together toward what is in the best interest of the City.

As I mentioned at the outset, the full report should be available in a few weeks. I'll be expecting more information and data from the developers in the areas that I have outlined. We also need to consult with City Council, our regional partners, legislators, the business community and residents. Again, we want to be sure that whatever opportunity we pursue is the right opportunity for Richmond.

Thank you.